



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2003  
OF THE CONDITION AND AFFAIRS OF THE

Memphis Managed Care Corp.

NAIC Group Code 0000 (Current Period) , NAIC Company Code 00000 (Prior Period) Employer's ID Number 62-1539163

Organized under the Laws of Tennessee , State of Domicile or Port of Entry Tennessee

Country of Domicile US

Licensed as business type:

Life Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]  
Dental Service Corporation [ ] Vision Service Corporation [ ] Other [ ]  
Health Maintenance Organization [ X ] Is HMO Federally Qualified? Yes ( ) No ( )

Incorporated July 7, 1993 Commenced Business January 1, 1994

Statutory Home Office 1407 Union Ave, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1407 Union Ave, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code) 901-725-7100 -3003 (Area Code) (Telephone Number)

Mail Address 1407 Union Ave, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1407 Union Ave, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code)  
901-725-7100 -3003 (Area Code) (Telephone Number)

Internet Website Address N/A

Statutory Statement Contact James Proctor (Name) 901-725-7100 -3003 (Area Code) (Telephone Number) (Extension)

jproctor@mmcc-tlc.com (E-Mail Address)

Policyowners Relations Contact and Phone Number (Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President: Al King  
Secretary: Bruce Steinhauer, Dr

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Steven Burkett  
Brenda Jetter  
Andy Spooner, Dr  
Dennis Schaberg, Dr  
Barry Fowler  
Stuart Polly, Dr  
Jeff Brandon  
Bruce Steinhauer, Dr  
Al King

State of Tennessee }  
County of Shelby } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Al King President  
Bruce Steinhauer, Dr Secretary  
Treasurer

Subscribed and sworn to before me this 2nd day of September 2003  
NOTARY PUBLIC  
AT  
SHELBY CO. TN  
MY COMMISSION EXPIRES AUG. 1, 2007

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus 2)	December 31 Prior Year Net Admitted Assets
1. Bonds .....	3,172,760		3,172,760	2,613,127
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ .....encumbrances) .....				
4.2 Properties held for the production of income (less \$ .....encumbrances) .....				
4.3 Properties held for sale (less \$ .....encumbrances) .....				
5. Cash (\$ ..... 2,071,252 ) and short-term investments (\$ ..... ) .....	2,071,252		2,071,252	10,318,148
6. Contract loans (including \$ ..... premium notes) .....				
7. Other invested assets .....				
8. Receivable for securities .....				
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Line 1 to Line 9) .....	5,244,012		5,244,012	12,931,275
11. Investment income due and accrued .....	35,846		35,846	39,288
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....				
12.2 Deferred premiums , agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
12.3 Accrued retrospective premiums .....				
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....				
13.2 Funds held by or deposited with reinsured companies .....				123,077
13.3 Other amounts receivable under reinsurance contracts .....				
14. Amounts receivable relating to uninsured plans .....				
15.1 Current federal and foreign income tax recoverable and interest thereon .....				
15.2 Net deferred tax asset .....				
16. Guaranty funds receivable or on deposit .....				
17. Electronic data processing equipment and software .....	1,739,212	1,739,212		
18. Furniture and equipment , including health care delivery assets (\$ ..... ) .....	259,636	259,636		
19. Net adjustment in assets and liabilities due to foreign exchange rates .....				
20. Receivables from parent, subsidiaries and affiliates .....	66,630		66,630	51,069
21. Health care (\$ ..... ) and other amounts receivable .....	7,937,098		7,937,098	
22. Other assets nonadmitted .....				
23. Aggregate write-ins for other than invested assets .....	247,002	247,002		540,299
24. Total assets excluding Separate Accounts , Segregated Accounts and Protected Cell Accounts (Line 10 to 23) .....	15,529,436	2,245,850	13,283,586	13,685,008
25. From Separate Accounts , Segregated Accounts and Protected Cell Accounts .....				
26. Total (Line 24 and Line 25) .....	15,529,436	2,245,850	13,283,586	13,685,008
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 09 from overflow page .....				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above) .....				
2301. Prepays .....	247,002	247,002		344,849
2302. ....				195,450
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	247,002	247,002		540,299

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	262,796		262,796	3,113,636
2. Accrued medical incentive pool and bonus payments .....				
3. Unpaid claims adjustment expenses .....				
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	999,909		999,909	2,524,905
10.1 Current federal and foreign income tax payable and interest thereon (including \$ .....on realized capital gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....				2,908,442
16. Payable for securities .....				
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured accident and health plans .....				
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
22. Total liabilities (Line 1 to Line 21) .....	1,262,705		1,262,705	8,546,983
23. Common capital stock .....	X X X	X X X		
24. Preferred capital stock .....	X X X	X X X		
25. Gross paid in and contributed surplus .....	X X X	X X X	3,699,498	3,699,818
26. Surplus notes .....	X X X	X X X	2,000,000	6,750,515
27. Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
28. Unassigned funds (surplus) .....	X X X	X X X	6,321,383	(5,312,305)
29. Less treasury stock , at cost:				
29.1 ..... shares common (value included in Line 23 \$ ..... ) .....	X X X	X X X		
29.2 ..... shares preferred (value included in Line 24 \$ ..... ) .....	X X X	X X X		
30. Total capital and surplus (Line 23 to Line 28 minus Line 29) .....	X X X	X X X	12,020,881	5,138,028
31. Total Liabilities, capital and surplus (Line 22 and Line 30) .....	X X X	X X X	13,283,586	13,685,011
DETAILS OF WRITE-INS				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....				
2199. Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....				
2701. ....	X X X	X X X		
2702. ....	X X X	X X X		
2703. ....	X X X	X X X		
2798. Summary of remaining write-ins for Line 27 from overflow page .....	X X X	X X X		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1	2	3
	Uncovered	Total	Total
1. Member Months .....	X X X	1,728,098	2,414,074
2. Net premium income (including \$ ..... non-health premium income) .....	X X X		116,527,239
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$ ..... medical expenses) .....	X X X		
5. Risk revenue .....	X X X		
6. Aggregate write-ins for other health care related revenues .....	X X X		
7. Aggregate write-ins for other non-health revenues .....	X X X		
8. Total revenues (Line 2 to Line 7) .....	X X X		116,527,239
Hospital and Medical:			
9. Hospital/medical benefits .....		(1,552,554)	23,017,195
10. Other professional services .....		(1,838,133)	45,765,150
11. Outside referrals .....			
12. Emergency room and out-of-area .....			26,258,265
13. Prescription drugs .....		(4,009)	21,000,488
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool and withhold adjustments .....			
16. Subtotal (Line 9 to Line 15) .....		(3,394,696)	116,041,098
Less:			
17. Net reinsurance recoveries .....			214,731
18. Total hospital and medical (Line 16 minus Line 17) .....		(3,394,696)	115,826,367
19. Non-health claims .....			
20. Claims adjustment expenses .....		2,110,811	582,251
21. General administrative expenses .....		(9,391,629)	3,301,428
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....			
23. Total underwriting deductions (Line 18 through Line 22) .....		(10,675,514)	119,710,046
24. Net underwriting gain or (loss) (Line 8 minus Line 23) .....	X X X	10,675,514	(3,182,807)
25. Net investment income earned .....		47,795	1,065,208
26. Net realized capital gains or (losses) .....			
27. Net investment gains or (losses) (Line 25 plus Line 26) .....		47,795	1,065,208
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
29. Aggregate write-ins for other income or expenses .....		783,137	456,078
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	11,506,446	(1,661,521)
31. Federal and foreign income taxes incurred .....	X X X		
32. Net income (loss) (Line 30 minus Line 31) .....	X X X	11,506,446	(1,661,521)
DETAILS OF WRITE-INS			
0601. ....	X X X		
0602. ....	X X X		
0603. ....	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....	X X X		
0701. ....	X X X		
0702. ....	X X X		
0703. ....	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above) .....	X X X		
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....			
2901. Other Revenue .....		783,137	456,078
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....		783,137	456,078

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year to Date	Prior Year to Date
33. Capital and surplus prior reporting period .....	5,138,033	13,638,584
GAINS AND LOSSES TO CAPITAL AND SURPLUS		
34. Net income (loss) from Line 32 .....	11,506,446	(1,661,522)
35. Change in valuation basis of aggregate policy and claims reserves .....		
36. Net unrealized capital gains and losses .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....		
39. Change in nonadmitted assets .....	127,242	(293,494)
40. Change in unauthorized reinsurance .....		
41. Change in treasury stock .....		
42. Change in surplus notes .....	(4,750,835)	
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....		
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Tranferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....		(6,545,535)
48. Net change in capital and surplus (Line 34 to Line 47) .....	6,882,853	(8,500,551)
49. Capital and surplus end of reporting period (Line 33 plus Line 48) .....	12,020,886	5,138,033
DETAILS OF WRITE-INS		
4701. Adjustment .....		(6,545,535)
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....		(6,545,535)

CASH FLOW

	1	2
	Current Year To Date	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance		118,796,726
2. Net investment income	47,795	1,062,842
3. Miscellaneous income	1,111,426	456,078
4. Total (Line 1 through Line 3)	1,159,221	120,315,646
5. Benefit and loss related payments	9,613,221	155,374,170
6. Net transfers to Separate , Segregated Accounts and Protected Cell Accounts		
7. Commissions , expenses paid and aggregate write-ins for deductions	(6,296,228)	2,745,530
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ .net tax on capital gain (losses)		
10. Total (Line 5 through Line 9)	3,316,993	158,119,700
11. Net cash from operations (Line 4 minus Line 10)	(2,157,772)	(37,804,054)
Cash from Investments		
12. Proceeds from investments sold , matured or repaid:		
12.1 Bonds		15,126,235
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)		15,126,235
13. Cost of investments acquired (long-term only):		
13.1 Bonds	565,118	15,628,535
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	773,171	
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to Line 13.6)	1,338,289	15,628,535
14. Net increase or (decrease) in policy loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(1,338,289)	(502,300)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes , capital notes	(4,750,835)	
16.2 Capital and paid in surplus , less treasury stock		
16.3 Borrowed funds received		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)		(837,208)
17. Net cash from financing and miscellaneous sources (Line 16. 1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(4,750,835)	(837,208)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 and Line 17)	(8,246,896)	(39,143,562)
19. Cash and short-term investments:		
19.1 Beginning of period	10,318,148	49,461,710
19.2 End of period (Line 18 plus Line 19.1)	2,071,252	10,318,148

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital and Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Stop Loss	11  Disability Income	12  Long-Term Care	13  Other
		2  Individual	3  Group										
Total Members at end of:													
1. Prior Year .....	197,307								197,307				
2. First Quarter .....	197,048								197,048				
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....	1,728,098								1,728,098				
Total Member Ambulatory Encounters for Period:													
7. Physician .....	42,535								42,535				
8. Non-Physician .....	759,996								759,996				
9. Total .....	802,531								802,531				
10. Hospital Patient Days Incurred .....	81,630								81,630				
11. Number of Inpatient Admissions .....	16,415								16,415				
12. Health Premiums Collected .....													
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....													
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services .....	1,676,123								1,676,123				
18. Amount Incurred for Provision of Health Care Services .....	(3,394,696)								(3,394,696)				

CLAIMS PAYABLE (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0599999 - Unreported claims and other claim reserves . . . . .						262,796
0799999 - Total claims payable . . . . .						262,796



UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 plus 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....						
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan Premiums .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....	1,179,807		262,796		1,442,603	3,113,636
8. Other health .....						
9. Health subtotal (Line 1 to Line 8) .....	1,179,807		262,796		1,442,603	3,113,636
10. Other non-health .....						
11. Medical incentive pools , accruals and disbursements .....						
12. Totals .....	1,179,807		262,796		1,442,603	3,113,636

**NOTES TO FINANCIAL STATEMENTS**

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GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes ( ) No (X)
- 1.2

If yes, explain:
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ( ) No (X)
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes ( ) No ( )
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ( ) No (X)
- 3.2

If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ( ) No (X)
- If yes, attach an explanation.
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 5.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ( ) No ( ) N/A (X)
- If yes, attach an explanation.
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

07/20/2001
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity.  
This date should be the date of the examined balance sheet and not the date the report was completed or released.

03/31/2001
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity.  
This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/01/2002
- 7.4

By what department or departments?

TDCI
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ( ) No (X)
- 8.2

If yes, give full information
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No (X)
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ( ) No (X)
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES - Line 5.2 (Continued)

<div><div>1</div><div>Name of Entity</div></div>	<div><div>2</div><div>NAIC Company Code</div></div>	<div><div>3</div><div>State of Domicile</div></div>
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GENERAL INTERROGATORIES - Line 9.4 (Continued)

<div><div>1</div><div>Affiliate Name</div></div>	<div><div>2</div><div>Location (City, State)</div></div>	<div><div>3</div><div>FRB</div></div>	<div><div>4</div><div>OCC</div></div>	<div><div>5</div><div>OTS</div></div>	<div><div>6</div><div>FDIC</div></div>	<div><div>7</div><div>SEC</div></div>
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GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes ( ) No (X)

10.2 If yes, explain

.....

.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ( ) No (X)

11.2 If yes, give full and complete information relating thereto:

.....

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ .....

13. Amount of real estate and mortgages held in short-term investments: \$ .....

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ( ) No (X)

14.2 If yes, please complete the following:

	<sup>1</sup> Prior Year-End Statement Value	<sup>2</sup> Current Quarter Statement Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgages, Loans or Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	\$ .....	\$ .....
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1 Has the reporting entity entered into any hedging transactions reported on schedule DB? Yes ( ) No (X)

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ( ) No ( )

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ( ) No (X)

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<sup>1</sup> Name of Custodian(s)	<sup>2</sup> Custodian Address
.....	.....
.....	.....
.....	.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<sup>1</sup> Name(s)	<sup>2</sup> Location(s)	<sup>3</sup> Complete Explanation (s)
.....	.....	.....
.....	.....	.....
.....	.....	.....

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes ( ) No (X)

16.4 If yes, give full and complete information relating thereto:

<sup>1</sup> Old Custodian	<sup>2</sup> New Custodian	<sup>3</sup> Date of Change	<sup>4</sup> Reason
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<sup>1</sup> Central Registration Depository	<sup>2</sup> Name(s)	<sup>3</sup> Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

GENERAL INTERROGATORIES - Line 16.1 (continued)

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian Address</div>
--	---

GENERAL INTERROGATORIES - Line 16.2 (continued)

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>3</div> <div>Complete Explanation(s)</div>
---------------------------------	-------------------------------------	---

GENERAL INTERROGATORIES - Line 16.4 (continued)

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
---------------------------------------	---------------------------------------	--	--------------------------------

GENERAL INTERROGATORIES - Line 16.5 (continued)

<div>1</div> <div>Central Registration Depository</div>	<div>2</div> <div>Name(s)</div>	<div>3</div> <div>Address</div>
---	---------------------------------	---------------------------------

SCHEDULE A - VERIFICATION

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Increase (decrease) by adjustment .....		
3. Cost of acquired .....		
4. Cost of additions to and permanent improv .....		
5. Total profit (loss) on sales .....		
6. Increase (decrease) by foreign exchange .....		
7. Amount received on sales .....		
8. Book/adjusted carrying value at end of cur .....		
9. Total valuation allowance .....		
10. Subtotal (Line 8 plus Line 9) .....		
11. Total nonadmitted amounts .....		
12. Statement value, current period (Page 2, <i>your schedule must, current period</i> ) .....		

SCHEDULE B - VERIFICATION

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....		
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions ..		
2.2 Additional investment made after ac ..		
3. Accrual of discount and mortgage interest .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....		
6. Amounts paid on account or in full during t .....		
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange .....		
9. Book value/recorded investment excluding .....		
10. Total valuation allowance .....		
11. Subtotal (Line 9 plus Line 10) .....		
12. Total nonadmitted amounts .....		
13. Statement value of mortgages owned at end of current period .....		

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....		
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions ..		
2.2 Additional investment made after ac ..		
3. Accrual of discount .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....		
6. Amounts paid on account or in full during t .....		
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange .....		
9. Book/adjusted carrying value of long-term .....		
10. Total valuation allowance .....		
11. Subtotal (Line 9 plus Line 10) .....		
12. Total nonadmitted amounts .....		
13. Statement value of long term invested assets at end of current period .....		

SCHEDULE D - VERIFICATION

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....		
2. Cost of bonds and stocks acquired .....		
3. Accrual of discount .....		
4. Increase (decrease) by adjustment .....		
5. Increase (decrease) by foreign exchange .....		
6. Total profit (loss) on disposal .....		
7. Consideration for bonds and stocks dispos .....		
8. Amortization of premiums .....		
9. Book/ajusted carrying value, current perio .....		
10. Total valuation allowance .....		
11. Subtotal (Line 9 plus Line 10) .....		
12. Total nonadmitted amounts .....		
13. Statement value (Line 11 minus Line 12) .....		

SCHEDULE D - PART 1B

Showing the Acquisitions , Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1.....	3,176,378			(3,618)	2,610,632	3,176,378	3,172,760	2,613,127
2. Class 2.....								
3. Class 3.....								
4. Class 4.....								
5. Class 5.....								
6. Class 6.....								
7. Total Bonds.....	3,176,378			(3,618)	2,610,632	3,176,378	3,172,760	2,613,127
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock .....								
15. Total Bonds and Preferred Stock .....	3,176,378			(3,618)	2,610,632	3,176,378	3,172,760	2,613,127



SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals .....	NONE		.....	.....	.....

SCHEDULE DA - PART 2 - VERIFICATION

Short-Term Investments Owned

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....	.....	.....
2. Cost of short-term investments acquired .....	.....	.....
3. Increase (decrease) by adjustment .....	.....	.....
4. Increase (decrease) by foreign exchange adjustment .....	.....	.....
5. Total profit (loss) on disposal of short-term investments .....	NONE	
6. Consideration received on disposal of short-term investments .....		
7. Book / adjusted carrying value, current period .....		
8. Total valuation allowance .....		
9. Subtotal (Line 7 plus Line 8) .....	.....	.....
10. Total nonadmitted amounts .....	.....	.....
11. Statement value (Line 9 minus Line 10) .....	.....	.....
12. Income collected during period .....	.....	.....
13. Income earned during period .....	.....	.....

SCHEDULE DB - PART F - SECTION 1

Summary of Replicated (Synthetic) Assets Open

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset						
1	2	3	4	5	Derivative Instruments Open		Cash Instrument(s) Held				
Replication RSAT Number	Description	NAIC Designation or Other Description	Statement Value	Fair Value	6	7	8	9	10	11	12
					Description	Fair Value	CUSIP	Description	Statement Value	Fair Value	NAIC Designation or Other Description

NONE

SCHEDULE DB - PART F - SECTION 2

Reconciliation of Replicated (Synthetic) Assets Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory .....										
2. Add: Opened or Acquired Transactions .....										
3. Add: Increases in Replicated Asset Statement Value .....	X X X						X X X		X X X	
4. Less: Closed or Disposed of Transactions .....										
5. Less: Positions Disposed of for Failing Effectiveness Criteria .....										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value .....	X X X						X X X		X X X	
7. Ending Inventory .....										

NONE

SCHEDULE S - CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3  Name of Reinsurer	4  Location	5 Is Insurer Authorized? (Yes or No)
Accident and Health - Non-Affiliates		Executive Risk Indemnity Inc	Simsbury CT	Yes
0499996 - Accident and Health - Non-Affiliates				

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only Year to Date					
			Guaranty Fund (Yes or No)	Is Insurer Licensed ? (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/ Casualty Premiums
States, Etc.					Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX			
1.	Alabama .....	AL	NO .....	NO .....						
2.	Alaska .....	AK	NO .....	NO .....						
3.	Arizona .....	AZ	NO .....	NO .....						
4.	Arkansas .....	AR	NO .....	NO .....						
5.	California .....	CA	NO .....	NO .....						
6.	Colorado .....	CO	NO .....	NO .....						
7.	Connecticut .....	CT	NO .....	NO .....						
8.	Delaware .....	DE	NO .....	NO .....						
9.	District of Columbia .....	DC	NO .....	NO .....						
10.	Florida .....	FL	NO .....	NO .....						
11.	Georgia .....	GA	NO .....	NO .....						
12.	Hawaii .....	HI	NO .....	NO .....						
13.	Idaho .....	ID	NO .....	NO .....						
14.	Illinois .....	IL	NO .....	NO .....						
15.	Indiana .....	IN	NO .....	NO .....						
16.	Iowa .....	IA	NO .....	NO .....						
17.	Kansas .....	KS	NO .....	NO .....						
18.	Kentucky .....	KY	NO .....	NO .....						
19.	Louisiana .....	LA	NO .....	NO .....						
20.	Maine .....	ME	NO .....	NO .....						
21.	Maryland .....	MD	NO .....	NO .....						
22.	Massachusetts .....	MA	NO .....	NO .....						
23.	Michigan .....	MI	NO .....	NO .....						
24.	Minnesota .....	MN	NO .....	NO .....						
25.	Mississippi .....	MS	NO .....	NO .....						
26.	Missouri .....	MO	NO .....	NO .....						
27.	Montana .....	MT	NO .....	NO .....						
28.	Nebraska .....	NE	NO .....	NO .....						
29.	Nevada .....	NV	NO .....	NO .....						
30.	New Hampshire .....	NH	NO .....	NO .....						
31.	New Jersey .....	NJ	NO .....	NO .....						
32.	New Mexico .....	NM	NO .....	NO .....						
33.	New York .....	NY	NO .....	NO .....						
34.	North Carolina .....	NC	NO .....	NO .....						
35.	North Dakota .....	ND	NO .....	NO .....						
36.	Ohio .....	OH	NO .....	NO .....						
37.	Oklahoma .....	OK	NO .....	NO .....						
38.	Oregon .....	OR	NO .....	NO .....						
39.	Pennsylvania .....	PA	NO .....	NO .....						
40.	Rhode Island .....	RI	NO .....	NO .....						
41.	South Carolina .....	SC	NO .....	NO .....						
42.	South Dakota .....	SD	NO .....	NO .....						
43.	Tennessee .....	TN	NO .....	YES .....						
44.	Texas .....	TX	NO .....	NO .....						
45.	Utah .....	UT	NO .....	NO .....						
46.	Vermont .....	VT	NO .....	NO .....						
47.	Virginia .....	VA	NO .....	NO .....						
48.	Washington .....	WA	NO .....	NO .....						
49.	West Virginia .....	WV	NO .....	NO .....						
50.	Wisconsin .....	WI	NO .....	NO .....						
51.	Wyoming .....	WY	NO .....	NO .....						
52.	American Samoa .....	AS	NO .....	NO .....						
53.	Guam .....	GU	NO .....	NO .....						
54.	Puerto Rico .....	PR	NO .....	NO .....						
55.	U.S. Virgin Islands .....	VI	NO .....	NO .....						
56.	Canada .....	CN	NO .....	NO .....						
57.	Aggregate Other Alien .....	OT	XXX	XXX						
58.	Total (Direct Business) .....		XXX	(a) .... 1						
DETAILS OF WRITE-INS										
5701.	.....									
5702.	.....									
5703.	.....									
5798.	Summary of remaining write-ins for Line 57 from overflow page .....									
5799.	Total (Line 5701 through Line 5703 plus Line 5798) (Line 57 above) .....									

(a) Insert the number of yes responses except for Canada and Other Alien .

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**

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**NONE**

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing . However , in the event that your company does not transact the type of business for which the special report must be filed , your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below . If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions .

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

EXPLANATION:

.....

BARCODE:

Document Identifier 470:

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Current Quarter

1  Description of Property	Location		4  Date Acquired	5  Name of Vendor	6  Actual Cost	7  Amount of Encumbrances	8 Book / Adjusted Carrying Value Less Encumbrances	9 Expended for Additions and Permanent Improvements
	2  City	3  State						

NONE

SCHEDULE A - PART 3

Showing all Real Estate SOLD during the Quarter , including Payments during the Final Year on "Sales under Contract"

1  Description of Property	Location		4  Disposal Date	5  Name of Purchaser	6  Actual Cost	7  Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Expended for Additions, Permanent Improvements and Changes in Encumbrances	10 Book / Adjusted Carrying Value Less Encumbrances	11  Amounts Received	12  Foreign Exchange Profit (Loss) on Sale	13  Realized Profit (Loss) on Sale	14  Total Profit (Loss) on Sale	15 Gross Income Earned Less Interest Incurred on Encumbrances	16  Taxes, Repairs and Expenses Incurred
	2  City	3  State													

NONE



SCHEDULE B - PART 1

Showing all Mortgage Loans ACQUIRED during the Current Quarter

1	Location		4	5	6	7	8	9	10	11
Loan Number	2 City	3 State	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation

NONE

SCHEDULE B - PART 2

Showing all Mortgage Loans SOLD , transferred or paid in full during the Current Quarter

1	Location		4	5	6	7	8	9	10	11	12	13
Loan Number	2 City	3 State	Loan Type	Date Acquired	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale

NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1  Number of Units and Description	Location		4  Name of Vendor	5  Date Acquired	6  Actual Cost	7  Amount of Encumbrances	8  Book/Adjusted Carrying Value Less Encumbrances	9  Increase (Decrease) by Adjustment	10  Increase (Decrease) by Foreign Exchange Adjustment
	2  City	3  State							

NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD , transferred or paid in full during the Current Quarter

1  Number of Units and Description	Location		4  Name of Purchaser or Nature of Disposition	5  Date Acquired	6  Book/Adjusted Carrying Value Less Encumbrances Prior Year	7  Increase (Decrease) by Adjustment	8  Increase (Decrease) by Foreign Exchange Adjustment	9  Book/Adjusted Carrying Value less Encumbrances at Disposition	10  Consideration Received	11  Foreign Exchange Profit (Loss) on Sale	12  Realized Profit (Loss) on Sale	13  Total Profit (Loss) on Sale
	2  City	3  State										

NONE

SCHEDULE D - PART 3

Show All Long-term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation (a)

NONE

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues .....

SCHEDULE D - PART 4

Show All Long-term Bonds and Stock Sold , Redeemed or Otherwise Disposed of  
by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identif- ication	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book / Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designa- tion (a)

NONE

(a) For all common stock bearing the NAIC designation 'U' provide: the number of such issues .....

SCHEDULE DB - PART A - SECTION 1

Showing all Options , Caps , Floors and Insurance Futures Options Owned at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry , or Settlement	Strike Price, Rate, or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income

NONE

SCHEDULE DB - PART B - SECTION 1

Showing all Options , Caps , Floors and Insurance Futures Options Written and In-Force at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry , or Settlement	Strike Price, Rate, or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis	Other Investment/ Miscellaneous Income

NONE

SCHEDULE DB - PART C - SECTION 1

Showing all Collar , Swap and Forwards Open at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity , Expiry , or Settlement	Strike Price , Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Year to Date Increase (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment / Miscellaneous Income	Potential Exposure

NONE

SCHEDULE DB - PART D - SECTION 1

Showing all Futures Contracts and Insurance Futures Contracts at Current Statement Date

1	2	3	4	5	6	7	8	9	Variation Margin Information			13
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange or Counterparty	Cash Deposit	10 Recognized	11 Used to Adjust Basis of Hedged Item	12 Deferred	Potential Exposure

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	Book Balance at End of Each Month During Current Quarter			8
Depository					5	6	7	
Name	Location and Supplemental Information							
Open Depositories								
GENERAL OPERATING	NBC				119,764	119,764	119,764	
GENERAL OPERATING	AMSOUTH		8,229		129,544	8,885,980	(109,112)	
CLAIMS	AMSOUTH				(12,044,331)	(17,169,503)	(10,831,587)	
PAYROLL	AMSOUTH				(23,113)	(24,486)	(5,997)	
TRUST	AMSOUTH		(117,136)		11,377,991	13,837,607	12,852,575	
INVESTMENT	NBC		14		(4,189)	(4,189)	45,210	
0199999 - TOTAL - Open Depositories			(108,893)		(444,334)	5,645,173	2,070,853	
0399999 - TOTAL Cash on Deposit			(108,893)		(444,334)	5,645,173	2,070,853	
0499999 - Cash in Company's Office					400	400	400	
0599999 - TOTALS			(108,893)		(443,934)	5,645,573	2,071,253	

**Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES**

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	579,914	1,728,098	1,522,075
<b>REVENUES:</b>			
1 TennCare Capitation	92,161,428	293,926,289	230,129,015
2 Investment	(76,890)	47,795	1,496,619
3 Other Revenue	92,476	361,913	140,746
4 Total Revenue	92,177,014	294,335,997	231,766,381
<b>EXPENSES:</b>			
Medical and Hospital Services			
5 Capitated Physician Services	3,906,405	6,000,373	16,917,043
6 Fee for Service Physician Services	18,996,277	58,603,268	34,372,902
7 Inpatient Hospital Services	23,811,081	69,593,883	47,894,956
8 Outpatient Services	512,839	7,554,576	12,909,311
9 Emergency Room Services	7,309,828	20,529,167	11,990,696
10 Mental Health Services	28,717	60,220	5,890
11 Dental Services	9,522	78,325	2,811,480
12 Vision Services	542,902	1,815,179	1,320,858
13 Pharmacy Services	1,602,226	37,252,025	36,272,397
14 Home Health Services	542,501	1,402,215	894,522
15 Chiropractic Services	-	-	-
16 Radiology Services	3,188,288	8,288,093	5,288,374
17 Laboratory Services	2,891,920	6,207,178	2,937,692
18 Durable Medical Equipment Services	1,994,393	5,962,411	2,891,279
19 Transportation Services	615,201	2,320,955	3,470,298
20 Outside Referrals	-	-	-
21 Medical incentive Pool and Withhold Adjustments	-	-	-
22 Occupancy Depreciation and Amortization	-	-	-
23 Other Medical and Hospital Services	17,921,568	43,506,608	22,811,063
24 Subtotal	83,873,667	269,174,477	202,788,762
25 Reinsurance Expense Net of Recoveries	873,808	2,257,365	(111,978)
<b>LESS:</b>			
26 Copayments	-	-	-
27 Subrogation	31,194	277,590	68,659
28 Coordination of Benefits	58,536	143,635	111,867
29 Subtotal	89,731	421,224	180,526
30 TOTAL MEDICAL AND HOSPITAL	84,657,745	271,010,617	202,496,258
Administration			
31 Compensation	2,157,322	6,451,055	7,055,656
32 Marketing	8,355	37,306	97,455
33 Interest Expense	-	-	-
34 Premium Tax Expense	-	-	4,602,440
35 Occupancy Depreciation and Amortization	302,113	919,141	591,141
36 Other Administration	1,487,776	4,411,431	6,168,281
37 TOTAL ADMINISTRATION	3,955,565	11,818,934	18,514,972
38 TOTAL EXPENSES	88,613,310	282,829,551	221,011,230
39 NET INCOME (LOSS)	3,563,704	11,506,446	10,755,151



## Statement of Actuarial Opinion

I, A. Kirk Twiss, am associated with the firm of Reden & Anders, Ltd., and am a Member of the American Academy of Actuaries. Reden & Anders, Ltd. has been retained by Memphis Managed Care Corp. (MMCC) with regard to claim liabilities and related items. I meet the Academy qualification standards for rendering the opinion and I am familiar with the valuation requirements applicable to MMCC.

I have examined the actuarial assumptions and actuarial methods used in determining claim liabilities listed below, as shown in the quarterly statement of MMCC, as prepared for filing with state regulatory officials as of September 30, 2003:

Claims Unpaid (restated April 2002)	\$262,796
(Page 3, Line 1)	

I have relied on listings and summaries of claims and other relevant data, as prepared by MMCC. I relied on Arthur Ansert, CFO for the accuracy of the data as expressed in the attached statement. In other respects, my examination included such review of the actuarial assumptions and actuarial methods used and such tests of the actuarial calculations as I considered necessary.

I have not reviewed the financial position of any party related by contract to MMCC. I have assumed that such parties are in a financial position to meet all liabilities resulting from such contracts.

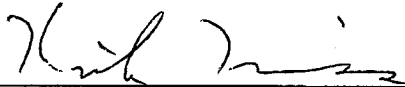
In my opinion, the amounts carried in the balance sheet on account of items identified above:

1. Are in accordance with presently accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
2. Are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provisions and appropriate to the purpose for which the Statement was prepared;
3. Meet the requirements of the insurance laws and regulations of the state of Tennessee and are at least as great as the minimum aggregate amounts required by Tennessee;
4. Make a good and sufficient provision for all unpaid claims of the organization under the terms of its contracts and agreements;
5. Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end; and
6. Include provision for all actuarial items which ought to be established.

10-22-03; 1:58PM; # 3/ 3  
I have reviewed the Underwriting and Investment Exhibit, Part 2B. The schedule was prepared consistent with *Section 3.6, Follow-Up Studies* contained in Actuarial Standard of Practice No. 5, *Incurred Health Claim Liabilities*.

The reserves and related actuarial items identified above make adequate provision for the anticipated cash flows related to the contractual obligations and expenses of MMCC, when considered in conjunction with the assets held by MMCC with respect to such reserves and related actuarial items, including, but not limited to, the cash flows on such assets and the considerations anticipated to be received under such policies and contracts.

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.



A. Kirk Twiss  
Fellow, Society of Actuaries  
Member, American Academy of Actuaries

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AKT:bc

October 22, 2003